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    - Designing merit pay systems and pay-for-performance schemes.
    - Psychological contracts and expectancy theory in individual incentives.
    - Evaluating the efficacy and unintended consequences of merit pay.
- **Week 9: Job Evaluation & Internal Pay Structures**
    - Job evaluation methodologies (point-factor method, ranking, classification).
    - Establishing internal equity and pay grades/bands.
    - Integrating market salary surveys with job evaluation.

Phase 3: Strategic Compensation, Governance & Modern Issues (Weeks 10–12)

- **Week 10: Variable Pay, Team Rewards & Group Performance**
    - Group-level incentives: Gainsharing, profit-sharing, and stock plans.
    - Managing team dynamics, free-rider problems, and group climate.
    - Balancing individual vs. collective reward systems.
- **Week 11: Executive Remuneration & Governance**
    - Agency theory and executive pay design.
    - Long-Term Incentive Plans (LTIPs), stock options, and clawback provisions.
    - Regulatory compliance, say-on-pay governance (e.g., two-strikes rule), and remuneration culture.
- **Week 12: Contemporary Issues & System Redesign**
    - Critiques of annual performance reviews: Continuous performance management.
    - Diversity, gender pay transparency, and inclusion in reward structures.
    - Evaluating performance and reward system effectiveness across modern workplaces.

Week 1:

I. PERFORMANCE MANAGEMENT

Performance management is an ongoing process that ensures employees' activities and outputs are aligned with organizational goals. It's not just about annual reviews—it's about continuous development and feedback.

1. How to collect performance data?

Explanation: This involves gathering data that reflects employee performance. It could be quantitative (e.g., sales targets, KPIs) or qualitative (e.g., customer feedback).

Methods: Self-assessments, Manager evaluations, Peer reviews, 360-degree feedback, Customer surveys

Example: A sales manager tracks the number of deals closed per quarter, and also asks for client feedback after each engagement.

2. How to evaluate performance data?

Explanation: Assessment of the collected data using predefined criteria or benchmarks.
Tools/Methods: Balanced Scorecard, Performance Appraisals, SMART goals comparison
Example: An employee whose performance is evaluated against set goals—e.g., improving customer satisfaction score from 80% to 90%.

<u>3. How to rate performance?</u>
Explanation: Transforming evaluation results into ratings or categories.
Rating Systems: Numerical scales (1–5), Descriptive ratings (Exceeds expectations, Meets expectations, Needs improvement), Forced distribution (ranking employees)
Example: Using a 5-point scale where "5" indicates outstanding performance, the employee might receive a "4" for exceeding sales goals but missing customer service targets.

<u>4. Providing performance feedback</u>
Explanation: Delivering constructive, timely, and specific feedback based on evaluations.
Approaches: One-on-one reviews, Continuous feedback via performance apps, Coaching conversations
Example: After a quarterly review, a manager praises the employee's initiative in launching a new campaign, while offering tips to improve time management.

<u>5. Developing performance</u>
Explanation: Focuses on improving future performance through development plans.
Strategies: Training and development, Coaching or mentoring, Career progression planning
Example: A customer service rep is enrolled in a conflict resolution course to better handle difficult clients.

II. REWARD MANAGEMENT
Reward management deals with the design and implementation of strategies to reward employees fairly and equitably in accordance with their value to the organization.

<u>6. Types of rewards?</u>
Explanation: Rewards can be financial or non-financial, intrinsic or extrinsic.
Types: Monetary: salary, bonuses, stock options, Non-monetary: recognition, flexible work, career development
Example: A project leader receives a cash bonus and also public recognition in a company newsletter.

<u>7. How to design a pay structure?</u>
Explanation: Involves setting salary bands, pay grades, and aligning them with market standards and internal equity.
Considerations: Job evaluation, Market benchmarking, Pay transparency

Example: A startup creates a tiered salary structure for engineers based on skill level and experience.

8. Individual performance pay

Explanation: Linking pay to performance to incentivize results.
Forms: Performance bonuses, Commission-based pay, Merit-based raises
Example: A salesperson earns 10% commission on every sale, encouraging higher output.

9. CEO pay

Explanation: Often includes complex packages: base salary, bonuses, long-term incentives (LTIs), and stock options.
Key Issues: Performance-based justification, Shareholder scrutiny, Public perception
Example: A CEO receives stock options that vest only if the company's share price increases by 20% over three years.

10. Non Monetary rewards

Explanation: Rewards not involving direct cash payments but which enhance employee satisfaction and motivation.
Examples: Recognition programs, Professional development opportunities, Extra time off, Work-from-home flexibility
Example: An employee of the month award, along with a reserved parking spot and a letter from the CEO.